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SIPDIS

SENSITIVE

DEPT FOR WHA, WHA/CAR, INR, EB/TPP/BTA/EWH;
PASS USTR FOR R VARGO, A MALITO;
USCINCSO ALSO FOR POLAD; TREASURY FOR M WAFER

E.O. 12958: N/A

TAGS: [ETRD](#) [PGOV](#) [PREL](#) [DR](#) [CAFTA](#)

SUBJECT: DOMINICAN GOVERNMENT PUSHES HARD FOR CAFTA
IMPLEMENTATION

¶11. (U) Summary: Aiming for a January 1 implementation date for CAFTA, the Dominican Republic is working quickly to meet requirements. The Fernandez administration recently created a task force made up of public and private sector trade experts, many of whom have CAFTA negotiating experience, to help ensure that the government stays on course with preparations. USAID has hired contractors who are working with members of the task force and other Dominican Government officials to help prepare for implementation. End summary.

¶12. (U) Along with some of its Central American CAFTA partners, the Dominican Republic has realized that it has a lot yet to do in preparation for implementation of the trade agreement. Since a proposed implementation date of January 1st was first put forward by USTR in the fall, the date has been the target the Dominicans have been aiming for. As the deadline draws near, the government shows a new awareness of just how complicated are the preparations for the agreement.

IMPLEMENTATION TASK FORCE

¶13. (U) President Fernndez has authorized an "implementation task force," a director and group of experts assigned to confirm that all agencies are doing what they should for implementation. Fernndez appointed as interim director Guaracuyo Felix, head of the president's own budget office. Wilma Arbaje, a private consultant with extensive government experience, will take over the position when she returns this week from a trip abroad. Meeting with USAID and Embassy's economic officer November 17, Felix said that creation of the task force reflected the administration's recognition that there was "need for additional focus" to ensure that implementation comes off without a hitch. He stressed that it is still the Ministry of Industry and Commerce and not the task force which holds ultimate responsibility for implementation.

¶14. (SBU) Felix offered for the task force to meet with Embassy officers weekly until implementation, so as to ensure that the Embassy and USG are informed on status and aware of potential problems. He said the government plans to have all necessary pieces in place by mid-December, when the government shuts down for the holidays, to ensure January 1 preparedness. (Secretary of Industry and Commerce Javier Garcia was quoted in the press on December 1 as citing the mid-December deadline.) Felix commented on widespread expectation among CAFTA participants that the implementation date could slip to March 1, which, he said, "would be more practical and less stressful to all participants, including the United States."

DOMINICAN CUSTOMS

¶15. (U) Customs Technical Subdirector Eduardo Rodriguez told us soon afterwards that his agency is also working with a January 1 implementation date, although he similarly indicated that Customs believes CAFTA countries might decide to delay implementation. Rodriguez was confident that the Dominican Republic will be ready for January 1. He cited as progress the expected congressional approval of the fiscal reform package including regulatory changes necessary for implementation. For instance, CAFTA-required elimination of a consular fee charged for all goods imported to the country is written into the fiscal reform package.

USAID CONSULTANTS

¶16. (U) USAID has hired two contractors with CAFTA negotiation experience in Central America to work on IPR and Agricultural issues. IPR expert Federico Valerio is concerned that INFADOMI (an association of unscrupulous pharmaceutical copiers) continues to try to influence the patent office (ONAPI) into implementing procedures that favor patent violators and run counter to CAFTA. So far, he said, ONAPI has resisted the pressure and the country is moving in the right direction on implementation. Another indication of this, widely reported on November 30, was Senate President Andres Bautista's firm and vocal refusal to further consider INFADOMI-backed IPR-weakening legislation that the Embassy

had earlier pointed to Bautista as problematic for CAFTA.

17. (U) The USAID-hired agricultural policy expert, Vivian Santa Maria, brought up a potential concern regarding the Ministry of Agriculture's approach to managing quotas, particularly the most sensitive: rice quotas. The Ministry of Agriculture has drafted new quota regulations which compartmentalize quotas into three periods during the year, meaning that an importer must time imports according to a government-imposed schedule. Other CAFTA participants allow flexibility to use quotas whenever desired throughout the year. Santa Maria said that the Dominican approach is not unreasonable--it is based on historical marketing data--but added that it could potentially make importation more costly, forcing importers to bring in smaller quantities, more often than they would under a more traditional approach.

KUBISKE